

From: Michael McCabe [<mailto:michaeljmccabe@verizon.net>]
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To: Cohen, Daniel
Subject: [REDACTED]

Dan, [REDACTED]
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[REDACTED]

Also, on the business side, I have been giving the new LCC calculation some more thought. I don't like it and I don't believe the Department satisfies section 325(o) by using it. Section 325(o)(2)(B)(i)(II) requires the Department to consider "the savings in operating costs throughout the estimated average life of the covered product in the type (or class) compared to any increase in the price of, or in the initial charges for, or maintenance expenses of, the covered products which are likely to result from the imposition of the standard." The new LCC calculation includes operating costs of products purchased in place of the covered class (non-weatherized gas furnaces). By abandoning the earlier LCC calculation and using this new procedure with fuel switching, the Department no longer can demonstrate what the "savings in operating costs" of the more energy efficient products (particularly max tech) and therefore, I believe, without that information, DOE doesn't meet the requirement of section 325(o).

Michael